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Mr. Ross, Mr. Delaney,

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**AMENDMENT TO H.R. 4745, AS REPORTED
OFFERED BY MR. HIMES OF CONNECTICUT**

Page 140, after line 9, insert the following new section:

1 SEC. 234. (a) ESTABLISHMENT OF BUDGET-NEU-
2 TRAL DEMONSTRATION PROGRAM FOR MULTIFAMILY
3 HOUSING ENERGY AND WATER CONSERVATION.—The
4 Secretary of Housing and Urban Development (referred
5 to in this section as the “Secretary”) shall establish a
6 demonstration program under which, during the period be-
7 ginning on the date of enactment of this Act, and ending
8 on September 30, 2017, the Secretary may enter into
9 budget-neutral, performance-based agreements that result
10 in a reduction in energy or water costs with such entities
11 as the Secretary determines to be appropriate under which
12 the entities shall carry out projects for energy or water
13 conservation improvements at not more than 20,000 resi-
14 dential units in multifamily buildings participating in—
15 (1) the project-based rental assistance program
16 under section 8 of the United States Housing Act of
17 1937 (42 U.S.C. 1437f), other than assistance pro-
18 vided under section 8(o) of that Act;

1 (2) the supportive housing for the elderly pro-
2 gram under section 202 of the Housing Act of 1959
3 (12 U.S.C. 1701q); or

4 (3) the supportive housing for persons with dis-
5 abilities program under section 811(d)(2) of the
6 Cranston-Gonzalez National Affordable Housing Act
7 (42 U.S.C. 8013(d)(2)).

8 (b) REQUIREMENTS.—

9 (1) PAYMENTS CONTINGENT ON SAVINGS.—

10 (A) IN GENERAL.—The Secretary shall
11 provide to an entity a payment under an agree-
12 ment under this section only during applicable
13 years for which an energy or water cost savings
14 is achieved with respect to the applicable multi-
15 family portfolio of properties, as determined by
16 the Secretary, in accordance with subparagraph
17 (B).

18 (B) PAYMENT METHODOLOGY.—

19 (i) IN GENERAL.—Each agreement
20 under this section shall include a pay-for-
21 success provision—

22 (I) that will serve as a payment
23 threshold for the term of the agree-
24 ment; and

1 (II) pursuant to which the De-
2 partment of Housing and Urban De-
3 velopment shall share a percentage of
4 the savings at a level determined by
5 the Secretary that is sufficient to
6 cover the administrative costs of car-
7 rying out this section.

8 (ii) LIMITATIONS.—A payment made
9 by the Secretary under an agreement
10 under this section shall—

11 (I) be contingent on documented
12 utility savings; and

13 (II) not exceed the utility savings
14 achieved by the date of the payment,
15 and not previously paid, as a result of
16 the improvements made under the
17 agreement.

18 (C) THIRD-PARTY VERIFICATION.—Savings
19 payments made by the Secretary under this sec-
20 tion shall be based on a measurement and
21 verification protocol that includes at least—

22 (i) establishment of a weather-normal-
23 ized and occupancy-normalized utility con-
24 sumption baseline established pre-retrofit;

1 (ii) annual third-party confirmation of
2 actual utility consumption and cost for
3 owner-paid utilities;

4 (iii) annual third-party validation of
5 the tenant utility allowances in effect dur-
6 ing the applicable year and vacancy rates
7 for each unit type; and

8 (iv) annual third-party determination
9 of savings to the Secretary.

10 (2) TERM.—The term of an agreement under
11 this section shall be not longer than 12 years.

12 (3) ENTITY ELIGIBILITY.—The Secretary
13 shall—

14 (A) establish a competitive process for en-
15 tering into agreements under this section; and

16 (B) enter into such agreements only with
17 entities that demonstrate significant experience
18 relating to—

19 (i) financing and operating properties
20 receiving assistance under a program de-
21 scribed in subsection (a);

22 (ii) oversight of energy and water con-
23 servation programs, including oversight of
24 contractors; and

1 (iii) raising capital for energy and
2 water conservation improvements from
3 charitable organizations or private inves-
4 tors.

5 (4) GEOGRAPHICAL DIVERSITY.—Each agree-
6 ment entered into under this section shall provide
7 for the inclusion of properties with the greatest fea-
8 sible regional and State variance.

9 (c) PLAN AND REPORTS.—

10 (1) PLAN.—Not later than 90 days after the
11 date of enactment of this Act, the Secretary shall
12 submit to the Committees on Appropriations of the
13 House of Representatives and the Senate a detailed
14 plan for the implementation of this section.

15 (2) REPORTS.—Not later than 1 year after the
16 date of enactment of this Act, and annually there-
17 after, the Secretary shall—

18 (A) conduct an evaluation of the program
19 under this section; and

20 (B) submit to Congress a report describing
21 each evaluation conducted under subparagraph
22 (A).

23 (d) FUNDING.—For each fiscal year during which an
24 agreement under this section is in effect, the Secretary
25 may use to carry out this section any funds appropriated